

STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE CITY OF FORT WAYNE,)	
INDIANA FOR APPROVAL TO ADJUST ITS)	
RATES AND CHARGES AND ISSUE BONDS)	
TO PROVIDE FUNDS TO DEFEASE)	CAUSE NO. 44162
EXISTING INDEBTEDNESS AND FINANCE)	
IMPROVEMENTS TO ITS WATERWORKS)	

JOINT STIPULATION AND SETTLEMENT AGREEMENT

This Joint Stipulation and Settlement Agreement (“Settlement Agreement”) is entered into this 3rd day of July, 2012, by and between the City of Fort Wayne, Indiana (“Fort Wayne”), the City of New Haven, Indiana (“New Haven”), General Motors LLC (“GM”), and the Office of the Utility Consumer Counselor (“OUCC”) (collectively, the “Parties”), who stipulate and agree for purposes of settling all matters in this Cause that the terms and conditions set forth below represent a fair and reasonable resolution of all issues in this Cause, subject to their incorporation in a final order of the Indiana Utility Regulatory Commission (“Commission”).

Terms and Conditions of Settlement Agreement

1. **Requested Relief.** On February 27, 2012, Fort Wayne initiated this Cause by filing a Petition with the Commission requesting authority to adjust its rates and charges and issue bonds to provide funds to defease existing indebtedness and finance improvements to its waterworks.

2. **Prefiled Evidence of Parties.** In support of its Petition, Fort Wayne filed the prefiled testimony and exhibits of Matthew A. Wirtz, P.E., and John R. Skomp, C.P.A., on February 29, 2012.

3. **Settlement.** Through analysis, discussion, and extensive negotiation, as aided by their respective technical staff and experts, Fort Wayne, New Haven, GM, and the OUCC have

now agreed on the terms and conditions as described herein that resolve all issues between them in this Cause.

4. **Revenue Requirement, Rates, and Charges.** The Parties agree that Fort Wayne should be authorized to increase its rates and charges for water service to reflect a total net revenue requirement in the amount of \$41,486,677 (\$41,632,050 when including the \$145,373 for utility receipts tax), resulting in a total increase of \$10,238,435 (\$10,383,808 after considering the \$145,373 in utility receipts tax;) or 33.86% over Fort Wayne's current revenues at existing rates. The Parties further agree that Fort Wayne shall implement its 33.86% rate increase over three (3) phases with the first phase ("Phase I") in the amount of 19.62% to be effective upon the issuance of the final order in this Cause or January 1, 2013, whichever date is later. The second phase ("Phase II") in the amount of 5.87% will be effective on January 1, 2014, and the third phase ("Phase III") will be effective on January 1, 2015, in the amount of 5.70%. Phase II and Phase III rates will be implemented as set out in Paragraph 5 below. Attached to the Settlement Agreement as Exhibit A is a schedule that summarizes the agreed upon revenue requirement and resulting increase. Exhibit A also identifies the different adjustments agreed to by the Parties, including the proposed amortization of the Revenue Bonds as more particularly described below in paragraph 9.

5. **Cost of Service Study.** Fort Wayne will complete and seek Commission approval of a cost of service study ("COSS"), which will include the usage data, costs, and revenues of all customers, after issuance of the Order in this Cause but prior to implementation of its Phase II rates. GM and New Haven agree to provide all available consumption, usage, and other information for the previous five (5) years that is necessary to facilitate preparation of the COSS. GM will provide information pertaining to GM's Fort Wayne plant only. The Parties will work collaboratively to arrive at acceptable industry cost allocation principles to be used in

the COSS. Fort Wayne shall provide a draft COSS prior to finalizing it to allow for input from and discussions with the other Parties. The Parties agree to the following procedural schedule that allows for the issuance of a final Commission order approving the COSS on or before December 1, 2013:

- (i) Fort Wayne will complete a draft of the COSS and provide a hard and electronic copy with all formula intact along with a complete copy of all supporting documentation to GM, New Haven and the OUCC by January 10, 2013.
- (ii) GM, New Haven, and OUCC will provide comments, input, and suggestions by January 31, 2013.
- (iii) Fort Wayne will review the input and information provided by GM, New Haven, and OUCC, and, the Parties agree to have discussions on any open unresolved items and use their best efforts to resolve these open items by February 28, 2013.
- (iv) Fort Wayne will finalize and file its final COSS with the Commission with supporting testimony, exhibits and work papers by March 15, 2013.
- (v) GM, New Haven, and OUCC shall file any responsive testimony and exhibits with the Commission by April 15, 2013.
- (vi) All cross-answering testimony shall be filed with the Commission by April 29, 2012.
- (vii) Fort Wayne shall file rebuttal testimony by May 6, 2013.
- (viii) The Parties request the Commission hold an evidentiary hearing on or about June 3, 2013.
- (ix) The Parties request the Commission issue a final order on COSS by November 20, 2013.
- (x) Fort Wayne implements results of Commission-approved COSS on January 1, 2014.
- (xi) Discovery turn around will be ten (10) days until April 29, 2013 where after it will be five (5) days. All discovery requests, responses, and objections shall be served on all Parties

The Parties agree that the COSS shall not affect Fort Wayne's revenue requirement as set forth in Exhibit A (and approved in this Cause); however, Fort Wayne shall adjust its Phase II and III rates based upon the results of the Commission-approved COSS. If the Commission does not issue an Order prior to January 1, 2014, Fort Wayne will implement its Phase II rates on an across the board on an interim basis until the Commission issues its Order approving the COSS and Fort Wayne will, within sixty (60) days after issuance of the Order, readjust the Phase II rates to reflect the COSS results for all rate classifications, and Fort Wayne will, within sixty

(60) days after issuance of the Order, readjust the Phase II rates to reflect the COSS results for all classifications from January 1, 2014 forward.

6. **Extension of New Haven Water Agreement.** Fort Wayne will extend the Water Agreement with New Haven (originally dated September 26, 1960) (“Water Agreement”) from October 31, 2012, to October 31, 2016. All other terms in the Water Agreement not inconsistent with this Settlement Agreement shall remain in full force and effect until termination, and New Haven shall not be subjected to any out of town rates or charges while the Water Agreement is in effect. Prior to November 1, 2016, New Haven will only pay the Phase I, II, and III percentage increases as set forth in Exhibit A regardless of the results of the Commission approved COSS. If, however, the Commission-approved COSS later demonstrates that the rates paid by New Haven generate annual proforma revenues of at least \$250,000 less than the full cost of serving New Haven, Fort Wayne will adjust New Haven’s Phase II and Phase III rates to eliminate any deficiency in excess of \$250,000.

7. **Continuation of Service after November 1, 2016.** On November 1, 2016, New Haven shall: (i) pay the rate as determined in the approved COSS; or (ii) find an alternative source of water supply. Alternatively, Fort Wayne and New Haven may, in their sole discretion, mutually agree to extend the Water Agreement on similar or modified terms; however, other Fort Wayne customers will not be required to pay the difference between New Haven’s contract rate and its cost of service after October 31, 2016. Fort Wayne and New Haven agree to meet beginning on January 1, 2014 and complete discussions prior to November 1, 2016, regarding the possibility of an extension, termination, and/or alternative water service to New Haven. If New Haven decides prior to November 1, 2016, to develop its own source of supply or obtain water from another provider, New Haven shall provide to Fort Wayne at least two (2) years

notice of the proposed date on which New Haven will disconnect from Fort Wayne's water system.

8. **Notice of Disconnection.** After November 1, 2016, provided New Haven can develop its own source of supply, or can secure a water supply from a source other than Fort Wayne, that is environmentally sustainable and safe to produce, Fort Wayne may disconnect New Haven or New Haven may disconnect from Fort Wayne by providing the other party with at least three (3) years written notice prior to the date of the proposed disconnection.

9. **Authority to Issue Long Term Debt.** The Parties stipulate and agree that Fort Wayne should be authorized to issue revenue bonds ("Revenue Bonds") in an amount not to exceed Forty Million Dollars (\$40,000,000). The proceeds from the revenue bond will be used to pay off an existing bond anticipation note (see Cause No. 44024); pay certain costs of issuance; fund a portion of the combined debt service reserve based on the combined maximum annual debt service; and pay to complete certain capital improvements that are identified in Exhibit D, pp. 17-23, in Mr. Skomp's February 28, 2012, Rate and Financing Report (i.e. Petitioner's Exhibit 5).

10. **Terms of Financing and True-Up Report.** Consistent with Exhibit A, Fort Wayne will seek to market and issue the Revenue Bonds with an amortization that "wraps around" Fort Wayne's existing indebtedness. In this way, Fort Wayne's prospective principal and interest payments on the Revenue Bonds will increase as Fort Wayne "pays off" its existing indebtedness. If Fort Wayne is unable to successfully market the Revenue Bonds with a "wrapping" amortization on terms that are reasonably acceptable, Fort Wayne will issue the Revenue Bonds with a level amortization (see Petitioner's Exhibit 5, Crowe Horwath Rate and Financing Report, page 25). Within twenty-one (21) days after completing the final issuance of the Revenue Bonds, Fort Wayne shall file a true-up report with the Commission identifying the

exact amount of bonds that were issued, the exact amortization schedule, the interest rate on such bonds, and the annual debt service. The other Parties shall have ten days from the filing of the true up report to respond to the report. To the extent the costs of issuance (including the increase in the combined debt service reserve requirements) or interest rate(s) materially impact revenue requirements, Fort Wayne will adjust or “true-up” its rates to reflect the same.

11. **Expenditures from Debt Service Reserve.** If Fort Wayne spends any of the funds from its Debt Service Reserve for any reason other than to make the last payment on the underlying debt, Fort Wayne agrees to spend such funds for only the prepayment of principal and interest on any outstanding bond indebtedness, on capital projects, and/or on capital expenditures for the water utility (excluding tank maintenance and painting). Upon expenditure of any funds from its Debt Service Reserve, Fort Wayne will provide a report to the Commission, New Haven, GM, and the OUCC within five (5) business days after such expenditure that states: (i) how much Fort Wayne spent from its Debt Service Reserve; (ii) why and on what it spent the funds from its Debt Service Reserve; (iii) a cite to and quote from any applicable loan documents that allow Fort Wayne to spend funds from its Debt Service Reserves; (iv) how Fort Wayne plans to replenish its Debt Service Reserve; and (v) any cost cutting activities Fort Wayne has implemented to forestall spending funds from its Debt Service Reserve.

12. **Fort Wayne’s Books and Records.** Fort Wayne will implement a computer program that allows Fort Wayne to: (i) convert current trial balances and financial statements from its current software to a format that comports with the NARUC system of accounts; and (ii) produce financial statements for specific periods of time as requested.

13. **Fort Wayne’s Capital Expenditures.** On an annual basis, Fort Wayne will provide the Parties with the reports to the Board of Works and Common Council that set forth the status of the capital expenditures.

14. **Admissibility and Sufficiency of Evidence.** The Parties stipulate to the admissibility of the testimony and exhibits presented by the Parties. The Parties agree that the prefiled evidence constitutes substantial evidence sufficient to support this Settlement Agreement and provides an adequate evidentiary basis upon which the Commission can make all findings of fact and conclusions of law necessary for the approval of this Settlement Agreement as filed.

15. **Non-Precedential Effect of Settlement.** The Parties agree that the facts in this Cause are unique and all issues presented are fact specific. Therefore, the Settlement Agreement shall not constitute nor be cited as precedent by any person or deemed an admission by any party in any other proceeding except as necessary to enforce its terms before the Commission or any court of competent jurisdiction. This Settlement Agreement is solely the result of compromise in the settlement process, except as provided herein, and is without prejudice to and shall not constitute a waiver of any position that any party may take with respect to any issue in any future regulatory or non-regulatory proceeding.

16. **Authority to Execute.** The undersigned hereby represent and agree that they are fully authorized to execute the Settlement Agreement on behalf of their designated clients who will hereafter be bound thereby.

17. **Proposed Order.** The Parties hereby agree to the issuance by the Commission of a proposed final order in the form agreed to by the Parties. The Parties agree to submit a proposed order by July 13, 2012.

18. **Approval of Settlement Agreement in its Entirety.** As a condition of this settlement, the Parties specifically agree that if the Commission does not approve this Joint Stipulation and Settlement Agreement in its entirety, the entire Settlement Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by all Parties. The Parties further agree that in the event the Commission does not issue a Final Order in the form

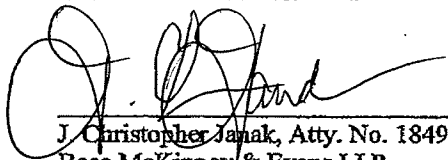
that reflects the Agreement described herein, or that is not accepted in writing by all the Parties, an attorney's conference should be promptly convened to schedule the filing of litigation testimony and to set a new hearing date. The Commission should thereafter rule based on the litigation evidence of record in this proceeding. The Parties agree that, in such event, the evidence of record and any post-hearing filings should be considered by the Commission as if no settlement had been reached, unless otherwise agreed by all Parties in a writing that is filed with the Commission. All settlement discussion shall be treated as privileged and confidential.

19. **Agreement is Binding on Successors and Assigns.** The Parties stipulate and agree that Fort Wayne's service touches and concerns each of the properties served by Fort Wayne's utility, and this Settlement Agreement shall inure to the benefit of, and be binding upon, each party's successors, heirs, and assigns.

20. **Resolution of Pending Discovery Matters.** With approval of the Settlement Agreement, all pending discovery motions and disputes are rendered moot and withdrawn.

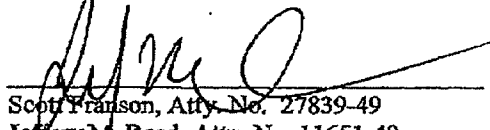
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CITY OF FORT WAYNE



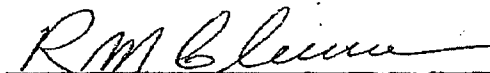
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Exhibit A

FORT WAYNE MUNICIPAL WATER

CAUSE NUMBER 44162

Comparison of Petitioner's and OUC's Revenue Requirements

	Per Petitioner	Per OUC				Sch Ref	OUC More (Less)
		Phase I	Phase II	Phase III	Overall		
Operating Expenses	\$20,264,281	\$20,150,685	\$20,160,362	\$20,170,314	\$20,170,314	3	\$ (93,967)
Taxes other than Income	896,870	943,970	1,028,216	1,058,352	943,970	4	47,100
Extensions and Replacements	9,271,500	4,989,000	6,705,000	8,873,000	8,873,000	7	(398,500)
Working Capital	-	-	-	-	-	9	-
Payment in Lieu of Taxes	2,252,432	2,254,209	2,254,209	2,254,209	2,254,209	8	1,777
Debt Service	10,384,381	9,065,047	9,461,779	9,466,542	9,466,542	10	(917,840)
Debt Service Reserve	-	-	-	-	-		-
Total Revenue Requirements	43,069,464	37,402,911	39,609,566	41,822,417	41,708,035		(1,361,430)
Less: Interest Income	-	(7,528)	(7,528)	(7,528)	(7,528)	3	(7,528)
Connection Fees	-	(145,631)	(145,631)	(145,631)	(145,631)		(145,631)
Other Income	-	(68,199)	(68,199)	(68,199)	(68,199)	3	(68,199)
Add: Other Expenses	-	-	-	-	-		-
Net Revenue Requirements	43,069,464	37,181,553	39,388,208	41,601,059	41,486,677		(1,582,788)
Less: Revenues at current rates subject to increase	(30,444,130)	(30,666,519)	(36,684,077)	(38,836,620)	(30,666,519)	4	(222,389)
Other revenues at current rates	(705,701)	(581,723)	(581,723)	(581,723)	(581,723)	4	123,978
Net Revenue Increase Required	11,919,633	5,933,311	2,122,408	2,182,716	10,238,435		(1,681,198)
Divide by Revenue Conversion Factor (100% - 1.4%)	0.986	0.986	0.986	0.986	0.986		0.986
Recommended Increase	\$12,088,877	\$6,017,557	\$2,152,544	\$2,213,707	\$10,383,808		\$ (1,705,069)
Recommended Percentage Increase	39.71%	19.62%	5.87%	5.70%	33.86%		-5.85%
	Per Petitioner	Per OUC					OUC More (Less)
		Phase I	Phase II	Phase III	Overall		
Current Rate for 700 Cubic Feet (5,250 Gallons)							
Inside Current Rate = \$17.73	\$24.82	\$21.28	\$22.55	\$23.91	\$23.91	11	\$ (0.92)
Outside Current Rate = \$20.37	\$28.52	\$24.44	\$25.91	\$27.47	\$27.47	11	\$ (1.05)

**FORT WAYNE MUNICIPAL WATER
CAUSE NUMBER 44162**

**Comparison of Petitioner's and OUC's
Revenue Requirements**

	Phase I				Phase II				Phase III			
	Per Petitioner	Per OUC	Sch Ref	OUC More (Less)	Per Petitioner	Per OUC	Sch Ref	OUC More (Less)	Per Petitioner	Per OUC	Sch Ref	OUC More (Less)
Operating Expenses	\$ 20,264,281	\$ 20,150,685	4	\$ (113,596)	\$ 20,264,281	\$ 20,160,362	4	\$ (103,919)	\$ 20,264,281	\$ 20,170,314	4	\$ (93,967)
Taxes Other than Income	896,870	943,970	4	47,100	896,870	1,028,216	4	131,346	896,870	943,970	4	47,100
Extensions and Replacements	5,359,000	4,989,000	7	(370,000)	7,075,000	6,705,000	7	(370,000)	9,271,500	8,873,000	7	(398,500)
Working Capital	-	-	9	-	-	-	9	-	-	-	9	-
Payment in Lieu of Taxes	2,252,432	2,254,209	4	1,777	2,252,432	2,254,209	4	1,777	2,252,432	2,254,209	4	1,777
Debt Service	9,073,334	9,065,047	10	(8,287)	10,575,066	9,461,779	10	(1,113,287)	10,384,381	9,466,542	10	(917,840)
Debt Service Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue Requirements	37,845,917	37,402,911	-	(443,006)	41,063,649	39,609,566	-	(1,454,083)	43,069,464	41,708,035	-	(1,361,430)
Less: Interest Income	-	(7,528)	3	(7,528)	-	(7,528)	3	(7,528)	-	(7,528)	3	(7,528)
Connection Fees	-	(145,631)	3	(145,631)	-	(145,631)	3	(145,631)	-	(145,631)	3	(145,631)
Cell Tower Revenue	-	(68,199)	3	(68,199)	-	(68,199)	3	(68,199)	-	(68,199)	3	(68,199)
Add: Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Net Revenue Requirements	37,845,917	37,181,553	-	(664,364)	41,063,649	39,388,208	-	(1,675,441)	43,069,464	41,486,677	-	(1,582,788)
Less: Rev at current rates subj to increases	(30,444,130)	(30,666,519)	4	(222,389)	(30,444,130)	(30,666,519)	4	(222,389)	(30,444,130)	(30,666,519)	4	(222,389)
Other revenues at current rates	(705,701)	(581,723)	4	123,978	(705,701)	(581,723)	4	123,978	(705,701)	(581,723)	4	123,978
Net Revenue Increase Required	6,696,086	5,933,311	-	(762,775)	9,913,818	8,139,966	-	(1,773,852)	11,919,633	10,238,435	-	(1,681,198)
Divide by Revenue Conversion Factor (100% - 1.4%)	0.986	0.986	-	0.986	0.986	0.986	-	0.986	0.986	0.986	-	0.986
Recommended Increase	\$ 6,791,162	\$ 6,017,557	-	\$ (773,605)	\$ 10,054,582	\$ 8,255,544	-	\$ (1,699,230)	\$ 12,088,877	\$ 10,383,808	-	\$ (1,705,069)
Recommended Percentage Increase	22.31%	19.62%	-	-2.69%	33.03%	26.92%	-	-6.11%	39.71%	33.86%	-	-5.85%

Phase I				Phase II				Phase III			
Per Petitioner	Per OUC	Sch Ref	OUC More (Less)	Per Petitioner	Per OUC	Sch Ref	OUC More (Less)	Per Petitioner	Per OUC	Sch Ref	OUC More (Less)
\$ 21.63	\$ 21.28	-	\$ (0.35)	\$ 23.58	\$ 22.55	-	\$ (1.03)	\$ 24.82	\$ 23.91	-	\$ (0.92)
\$ 24.85	\$ 24.44	-	\$ (0.41)	\$ 27.09	\$ 25.91	-	\$ (1.18)	\$ 28.52	\$ 27.47	-	\$ (1.05)

Current Rate for 700 cubic feet

Inside Current Rate = \$17.73
Outside Current Rate = \$20.37

**FORT WAYNE MUNICIPAL WATER
CAUSE NUMBER 44162**

**COMPARATIVE BALANCE SHEET
As of**

<u>ASSETS</u>	<u>October 31 2011</u>	<u>December 31 2010</u>	<u>December 31 2009</u>
Utility Plant:			
Utility Plant in Service	\$ 282,914,076	\$ 282,410,926	\$ 277,195,319
Less: Accumulated Depreciation	(92,749,115)	(87,573,958)	(82,194,006)
Net Utility Plant in Service	190,164,961	194,836,968	195,001,313
Add: Construction Work in Progress	12,341,498	8,969,162	6,343,889
Net Utility Plant	202,506,459	203,806,130	201,345,202
Restricted Assets:			
Sinking Fund	4,143,231	538,739	1,136,196
Depreciation Fund	-	-	1,000,000
Construction Fund	22,631,931	1,524,233	5,224,191
Customer Deposits	1,201,452	1,161,602	1,112,921
Reserve Fund	-	-	627,176
Debt Service Reserve Fund	5,875,907	-	-
Cumulative Fund - Airport	2,000,000	500,000	-
Total Restricted Assets	35,852,521	3,724,574	9,100,484
Current Assets:			
Operating Fund	4,124,906	3,587,058	2,288,483
Accounts Receivable (Net)	4,476,023	4,463,850	4,724,066
Materials and Supplies	848,465	1,060,190	1,015,967
Prepaid Expenses	118,203	86,978	88,559
Prepaid Pension	128,859	128,859	206,224
Total Current Assets	9,696,456	9,326,935	8,323,299
Deferred Debits			
Unamortized Debt Discount and Expense	1,332,328	880,531	701,903
Other Deferred Debits			
Total Deferred Debits	1,332,328	880,531	701,903
Total Assets	\$ 249,387,764	\$ 217,738,170	\$ 219,470,888

**FORT WAYNE MUNICIPAL WATER
CAUSE NUMBER 44162**

COMPARATIVE BALANCE SHEET

As of

	October 31 2011	December 31 2010	December 31 2009
<u>LIABILITIES</u>			
Equity			
Proprietary Capital	\$ 601,034	\$ 601,034	\$ 601,034
Unappropriated Retained Earnings	83,400,121	80,834,860	77,966,655
Current Year Profit/(Loss)	2,156,845	2,565,261	2,868,205
Total Equity	<u>86,158,000</u>	<u>84,001,155</u>	<u>81,435,894</u>
Contributions in Aid of Construction	66,219,890	66,217,890	65,875,385
Long-term Debt			
1997 Bonds	-	-	680,000
2003 bonds	2,715,000	2,715,000	3,105,000
2005 Bonds	13,630,000	13,630,000	14,265,000
2006 Bonds	23,290,000	23,290,000	25,160,000
2011 A Bonds	3,094,000	-	-
2011 B Bonds	26,906,000	-	-
Total Long-term Debt	<u>69,635,000</u>	<u>39,635,000</u>	<u>43,210,000</u>
Short Term Liabilities			
Bond Anticipation Note	17,840,000	17,840,000	17,840,000
Current Liabilities			
Accounts Payable	375,323	2,027,247	1,378,273
Current Portion of Long-term Debt	3,575,000	3,575,000	3,445,000
Customer Deposits	1,201,452	1,161,602	1,112,921
Misc Current and Accrued Liabilities	4,372,477	3,226,938	5,078,824
Other Current Liabilities	<u>9,524,252</u>	<u>9,990,787</u>	<u>11,015,018</u>
Deferred Credits			
Unamortized Bond Premium	45,243	53,338	62,676
Advances for Construction	(34,621)	-	31,915
Total Deferred Credits	<u>10,622</u>	<u>53,338</u>	<u>94,591</u>
Total Liabilities	<u>\$ 249,387,764</u>	<u>\$ 217,738,170</u>	<u>\$ 219,470,888</u>

**FORT WAYNE MUNICIPAL WATER
CAUSE NUMBER 44162**

**COMPARATIVE INCOME STATEMENT
For the Twelve Months Ended**

	October 31 2011	Adjustments	Adjusted October 31 2011	December 31 2010	December 31 2009
Operating Revenues					
Water Sales	\$ 24,946,013		\$24,946,013	\$ 24,936,315	\$ 24,702,331
Fire Protection			-		
Private	972,683		972,683	943,804	921,269
Public	2,935,786		2,935,786	2,934,478	2,911,185
Sales for Resale	546,914		546,914	546,900	547,248
Contract Sales	612,752		612,752	592,402	578,675
Interdepartmental Sales	73,799		73,799	76,395	85,648
Forfeited Discounts	444,073		444,073	454,721	456,113
Other Sales	320,095		320,095	357,647	336,812
Other Operating Revenues	261,628		261,628	230,120	297,098
Total Operating Revenues	31,113,743	-	31,113,743	31,072,782	30,836,379
Operating Expenses					
Source of Supply Expenses	88,791		88,791	84,549	89,634
Water Treatment Expenses	8,925,649		8,925,649	8,003,371	8,364,667
Transmission and Distribution Expenses	4,421,809		4,421,809	4,366,256	3,959,539
Customer Accounts Expense	2,658,542		2,658,542	1,988,774	1,967,206
Administrative and General Expenses	4,349,968	(144,194) (a)	4,205,774	4,271,008	4,455,884
Bad Debt Expense	-	144,194 (a)	144,194	77,669	102,420
Payroll Taxes	-	(509,544) (b)	(509,544)	-	-
Total O&M Expense	20,444,759	(509,544)	19,935,215	18,791,627	18,939,350
Depreciation Expense	8,004,796		8,004,796	7,360,203	6,196,518
Amortization Expense	-		-		
Taxes Other than Income					
Payroll Taxes	-	509,544 (b)	509,544	-	-
Utility Receipts Tax	406,454		406,454	406,987	403,919
Payment in Lieu of Taxes	2,309,000		2,309,000	1,921,873	1,383,247
Total Operating Expenses	31,165,009	-	31,165,009	28,480,690	26,923,034
Net Operating Income	(51,266)	-	(51,266)	2,592,092	3,913,345

FORT WAYNE MUNICIPAL WATER
CAUSE NUMBER 44162

COMPARATIVE INCOME STATEMENT
For the Twelve Months Ended

	October 31 2011	Adjustments	Adjusted October 31 2011	December 31 2010	December 31 2009
Other Income (Expense)					
Interest Income	7,528		7,528	18,103	91,765
Gain (Loss) on Sale of Assets	(620,337)		(620,337)	(620,337)	-
Connection Fees	192,679		192,679	122,798	156,038
Other Income	2,157,896	(2,157,896) (c)	-	2,316,112	282,700
State Grants		494,753 (c)	494,753		
CEDIT		6,978 (c)	6,978		
TIF		1,500,000 (c)	1,500,000		
Miscellaneous - Cell Tower Revenue		68,199 (c)	68,199		
Sale of Equipment		66,638 (c)	66,638		
Sale of Scrap		21,328 (c)	21,328		
Interest Expense	(1,562,472)		(1,562,472)	(1,772,900)	(1,478,106)
Amortization of Debt Discount	(84,447)		(84,447)	(90,607)	(97,538)
Total Other Income (Expense)	90,847	-	90,847	(26,831)	(1,045,141)
Net Income	\$ 39,581	\$ -	\$ 39,581	\$ 2,565,261	\$ 2,868,204

Adjusting Entries	Debit	Credit
(a) Bad Debt Expense	144,194	
Administrative and General Expenses		144,194
To reclassify Bad Debt Expense from Administrative and General Expenses during the test year.		
(b) Payroll Taxes	509,544	
Operating Expenses - Payroll Taxes		509,544
To reclassify Payroll Taxes from Operation and Maintenance Expenses during the test year.		
(c) State Grants	494,753	
CEDIT	6,978	
TIF	1,500,000	
Miscellaneous - Cell Tower Revenue	68,199	
Sale of Equipment	66,638	
Sale of Scrap	21,328	
Other Income		2,157,896
To reclassify Other Income into its component parts during the test year.		

FORT WAYNE MUNICIPAL WATER
CAUSE NUMBER 44162

	Year Ended 10/31/2011	Pro-forma Net Operating Income Statement									
		Phase I					Phase II				
		Pro-forma Present Rates	Adj Adjustments	Sch Ref	Pro-forma Proposed Rates	Adj Adjustments	Sch Ref	Pro-forma Proposed Rates	Adj Adjustments	Sch Ref	Phase III Pro-forma Proposed Rates
Operating Revenues											
Water Sales	\$ 24,946,013	\$ 25,044,424	4,914,358	1	\$ 29,958,782	1,757,918	1	\$ 31,716,700	1,807,868	1	\$ 33,524,568
Residential Growth											
Test Year											
Inside	\$ (3,441)			5-1							
Outside	16,199			5-2							
Commercial Growth											
Test Year											
Inside	77,031			5-3							
Outside	8,622			5-4							
Fire Protection			774,023	1	4,718,580	276,876	1	4,995,456	284,744	1	5,280,200
Private											
Public	972,683										
Sales for Resale	2,935,786	546,914	107,319	1	654,233	38,389	1	692,622	39,480	1	732,102
Contract Sales	546,914	612,752	120,238	1	732,990	43,010	1	776,000	44,232	1	820,232
Interdepartmental Sales	612,752	73,799	14,481	1	88,280	5,180	1	93,460	5,327	1	98,787
Forfeited Discounts	73,799	444,073	87,139	1	531,212	31,170	1	562,382	32,056	1	594,438
Other Sales	444,073	320,095			320,095			320,095			320,095
Other Operating Revenues	320,095	261,628			261,628			261,628			261,628
Total Operating Revenues	31,113,743	31,248,242	6,017,557		37,265,800	2,152,544		39,418,343	2,213,797		41,632,050
O&M Expense			6,791,162			8,170,101			10,383,805		
Salaries and Wages	19,935,215	20,123,631			20,150,685			20,160,362			20,170,314
PERF Expenses				6-1							
Medical Expenses		40,315		6-2							
Chemical Costs		107,476		6-3							
Meter Expensing Adjustment		253,490		6-4							
Bad Debt Expense		44,458		6-6							
Non-Recurring or Capital		(150,054)		6-6							
Amortization Expense			27,054			9,677			9,952		
Depreciation Expense											
Taxes Other than Income											
Payroll Taxes		48,195		6-8				48,195			48,195
Utility Receipts Tax		(48,195)		6-7				5,916,546			5,916,546
Payment in Lieu of Taxes		(835,582)		6-9							
Total Operating Expenses			(1,204,473)	6-10							
Net Operating Income	\$ (51,266)	\$ 1,961,691	\$ 5,906,257		\$ 7,867,949	\$ 2,112,731		\$ 9,980,679	\$ 2,172,763		\$ 12,153,442

**FORT WAYNE MUNICIPAL WATER
CAUSE NUMBER 44162**

Revenue Adjustments

(1)

Residential Customer Growth Adjustment Inside Ft. Wayne for Test Year Ending October 31, 2011

To adjust operating revenues to reflect the growth of Residential customers inside Ft. Wayne City limits during the test year.

<u>Billing Date</u>	<u>Number of Customers</u>	<u>Growth</u>	<u>Bills Remaining</u>	<u>Additional Bills</u>
November 2010	68,459	-	-	-
December 2010	68,445	(14)	1	(14)
January 2011	68,290	(155)	2	(310)
February 2011	68,260	(30)	3	(90)
March 2011	68,393	133	4	532
April 2011	68,407	14	5	70
May 2011	68,438	31	6	186
June 2011	68,621	183	7	1,281
July 2011	68,574	(47)	8	(376)
August 2011	68,634	60	9	540
September 2011	68,530	(104)	10	(1,040)
October 2011	68,440	(90)	11	(990)
Annual Growth in Residential Customers		(19)		(211)

Additional Annual Residential Billings	(211)
Times: Average Monthly Bill (\$1.49 times 6.05 Avg Cubic Ft Per Cust plus \$7.30 Base Chg)	\$ 16.31

Adjustment Increase (Decrease) \$ (3,441)

**FORT WAYNE MUNICIPAL WATER
CAUSE NUMBER 44162**

Revenue Adjustments

(2)

Residential Customer Growth Adjustment Outside Ft. Wayne for Test Year Ending October 31, 2011

To adjust operating revenues to reflect the growth of Residential customers outside Ft. Wayne City limits during the test year.

<u>Billing Date</u>	<u>Number of Customers</u>	<u>Growth</u>	<u>Bills Remaining</u>	<u>Additional Bills</u>
November 2010	7,099	-	-	-
December 2010	7,135	36	1	36
January 2011	7,151	16	2	32
February 2011	7,140	(11)	3	(33)
March 2011	7,165	25	4	100
April 2011	7,186	21	5	105
May 2011	7,205	19	6	114
June 2011	7,214	9	7	63
July 2011	7,230	16	8	128
August 2011	7,251	21	9	189
September 2011	7,268	17	10	170
October 2011	7,261	<u>(7)</u>	11	<u>(77)</u>
Annual Growth in Residential Customers		<u>162</u>		<u>827</u>

Additional Annual Residential Billings

827

Times: Average Monthly Bill (\$1.71 times 6.54 Avg Cubic Ft Per Cust plus \$8.40 Base Chg)

\$ 19.59

Adjustment Increase (Decrease)

\$ 16,199

**FORT WAYNE MUNICIPAL WATER
CAUSE NUMBER 44162**

Revenue Adjustments

(3)

Commercial Customer Growth Adjustment Inside Ft. Wayne for Test Year Ending October 31, 2011

To adjust operating revenues to reflect the growth of Commercial customers inside Ft. Wayne City Limits during the test year.

<u>Billing Date</u>	<u>Number of Customers</u>	<u>Growth</u>	<u>Bills Remaining</u>	<u>Additional Bills</u>
November 2010	5,734	-	-	-
December 2010	5,673	(61)	1	(61)
January 2011	5,747	74	2	148
February 2011	5,719	(28)	3	(84)
March 2011	5,758	39	4	156
April 2011	5,776	18	5	90
May 2011	5,775	(1)	6	(6)
June 2011	5,791	16	7	112
July 2011	5,838	47	8	376
August 2011	5,852	14	9	126
September 2011	5,868	16	10	160
October 2011	5,863	<u>(5)</u>	11	<u>(55)</u>

Annual Growth in Residential Customers	<u>129</u>	<u>962</u>
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Reduction in Commercial Billings	962
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Times: Average Monthly Bill (\$1.49 times 48.84 Avg Cubic Ft Per Cust plus \$7.30 Base Chg)	<u>\$ 80.07</u>
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Adjustment Increase (Decrease)	<u>\$ 77,031</u>
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**FORT WAYNE MUNICIPAL WATER
CAUSE NUMBER 44162**

Revenue Adjustments

(4)

Commercial Customer Growth Adjustment Outside Ft. Wayne for Test Year Ending October 31, 2011

To adjust operating revenues to reflect the growth of Commercial customers outside Ft. Wayne City Limits during the test year.

<u>Billing Date</u>	<u>Number of Customers</u>	<u>Growth</u>	<u>Bills Remaining</u>	<u>Additional Bills</u>
November 2010	261	-	-	-
December 2010	257	(4)	1	(4)
January 2011	256	(1)	2	(2)
February 2011	253	(3)	3	(9)
March 2011	256	3	4	12
April 2011	257	1	5	5
May 2011	259	2	6	12
June 2011	261	2	7	14
July 2011	262	1	8	8
August 2011	266	4	9	36
September 2011	264	(2)	10	(20)
October 2011	268	4	11	44

Annual Growth in Residential Customers 7

Reduction Annual Commercial Billings 96
Times: Average Monthly Bill (\$1.71 times 47.61 Avg Cubic Ft Per Cust plus \$8.40 Base Chg) \$ 89.81

Adjustment Increase (Decrease) \$ 8,622

(5)

Private Fire Protection

To adjust "Private Fire Protection" to allow for the current number of private hydrants and sprinkler connections.

Quarterly Private Fire Protection Revenue as of the fourth quarter 2011 \$ 252,227
Annualize: Times Four (4) 4

Adjusted Private Fire Protection Revenues \$ 1,008,908
Less: Test Year 972,683

Adjustment Increase (Decrease) \$ 36,225

FORT WAYNE MUNICIPAL WATER
CAUSE NUMBER 44162

Revenue Adjustments

(6)

Public fire Protection

To adjust "Public Fire Protection" to allow for the current number of public hydrants located inside the corporate boundaries of the City of Fort Wayne.

Annual Rate per Hydrant	\$	373.73	
Times: Current Number of Public Hydrants		<u>7,855</u>	
Adjusted Private Fire Protection Revenues	\$	2,935,649	
Less: Test Year		<u>2,935,786</u>	
Adjustment Increase (Decrease)	\$		<u>(137)</u>

FORT WAYNE MUNICIPAL WATER
CAUSE NUMBER 44162

Expense Adjustments

(1)

Operation and Maintenance Salaries and Wages

To adjust "Operation and Maintenance Expenses" to allow for the change in base salaries and wages.

<i>Pro forma</i> Base Salaries and Wages (See OUCG Schedule 6 a)	\$	5,403,003
Less: Test Year		<u>5,362,688</u>

Adjustment Increase (Decrease) \$ 40,315

(2)

PERF Expense

To adjust "Operation and Maintenance Expenses" to allow for the change in PERF expense due to the change in salaries and wages.

Pro forma Base Salaries and Wages \$ 5,403,003

Add: Additional Qualifying PERF Wages

Stand-by Time	\$	41,541
Call In time		10,852
Overtime		1,028,918
Technical Expertise Pay		127,803
Longevity Pay		37,515
Merit Incentive Pool		119,523

Less: Minor Differences (9,457)

Total Additional PERF Salaries and Wages 1,356,695

Pro forma PERF Eligible Salaries and Wages \$ 6,759,698
Times: 2011 PERF Rate 13.25%

<i>Pro forma</i> PERF Expense	\$	895,660
Less: Test Year		<u>788,184</u>

Adjustment Increase (Decrease) \$ 107,476

(3)

Medical Expense

To adjust "Operation and Maintenance Expenses" to allow for the change in Medical Costs.

Contracted Medical Cost per Employee \$ 11,800
Times: Number of Full Time Employees 130

Estimated Annual Medical Costs	\$	1,534,000
Less: Test Year		<u>1,280,550</u>

Adjustment Increase (Decrease) \$ 253,450

(4)

Chemical Costs

To adjust "Operation and Maintenance Expenses" for the increase in the price per ton and freight cost of treatment chemicals.

2012 Contract Amount	\$	2,476,664
Less: Test Year		<u>2,432,206</u>
Adjustment Increase (Decrease)	\$	<u>44,458</u>

(5)

Payroll Taxes

To adjust "Operation and Maintenance Expenses" for the increase in FICA Tax due to the increase in Salaries and Wages.

<i>Pro forma</i> Taxable Salaries and Wages	\$	6,759,698
Times: FICA Tax Rate		<u>7.65%</u>
<i>Pro forma</i> FICA Expense	\$	517,117
Less: Test Year		<u>509,444</u>
Adjustment Increase (Decrease)	\$	<u>7,673</u>

(6)

Adjust for Expensing Meters

To adjust "Operation and Maintenance Expenses" to correct for the expensing of meters in December 2010 related to the change in Capitalization Policy.

Meter expenses for January 2010 through October 2010 which were expensed during the test year.	\$	<u>(150,054)</u>
Adjustment Increase (Decrease)	\$	<u>(150,054)</u>

(7)

Depreciation Expense

To adjust "Depreciation Expense" for Amortization of Goodwill and Deferred Acquisition Cost.

Deferred Acquisition Cost	\$	1,498,485.75
Goodwill		<u>429,330.85</u>
Total Amount to be Amortized	\$	1,927,816.60
Amortization Rate		<u>2.50%</u>
Adjustment Increase (Decrease)	\$	<u>(48,195)</u>

(8)

Reclassification of Goodwill

To reclassify Amortization of Goodwill and Deferred Acquisition Cost from Depreciation Expense.

Deferred Acquisition Cost	\$	1,498,485.75	
Goodwill		<u>429,330.85</u>	
Total Amount to be Amortized	\$	1,927,816.60	
Amortization Rate		<u>2.50%</u>	
Adjustment Increase (Decrease)	\$		<u><u>48,195</u></u>

(9)

Depreciation Expense

To adjust "Depreciation Expense" for the correction of scheduled depreciation of assets in 2011.

Test Year Depreciation Expense	\$	8,004,796.10	
Less: <i>Pro Forma</i> Depreciation Expense		<u>(7,169,213.90)</u>	
Adjustment Increase (Decrease)	\$		<u><u>(835,582)</u></u>

(10)

Depreciation Expense

To adjust "Depreciation Expense" to composite rates for a water utility with treatment facilities.

Utility Plant in Service as of October 31, 2011	\$	282,914,076	
Add: Construction Work in Progress		12,341,498	
Less: Land (Account: 0513-1601)		<u>(4,873,746)</u>	
Depreciable Utility Plant in Service	\$	290,381,828	
Times: Composite Depreciation Rate		<u>2.00%</u>	
2012 <i>Pro forma</i> Water Depreciation Expense	\$	5,807,637	
Add: Allocation of Administration Assets to Water		<u>108,909</u>	
2012 <i>Pro forma</i> Water Depreciation Expense	\$	5,916,546	
General Ledger Test Year Depreciation	\$	8,004,796	
Less: Reclassification of Amortization Expense (See Sch 6, Adj 7)		(48,195)	
Less: Corrected Deprec Exp for the Test Year (See Sch 6, Adj 9)		<u>(835,582)</u>	
Less: Adjusted Test Year Ledger Depreciation Expense		<u>7,121,019</u>	
Adjustment Increase (Decrease)	\$		<u><u>(1,204,473)</u></u>

(11)

Utility Receipts Tax

To adjust "Taxes Other Than Income Taxes" to allow for the change in utility receipts tax due to the adjusted level of operating revenues.

Adjusted Operating Revenues	\$	31,248,242		
Less: Exemption		(1,000)		
Bad Debt Expense		(144,194)		
Sales for Resale		(546,914)		
Intergovernmental Sales		(73,799)		
Private Fire Protection		-		
Public Fire Protection		-		
Taxable Revenues	\$	30,482,335		
Times: Utility Receipts Tax Rate		1.4%		
Adjusted Utility Receipts Tax	\$	426,753		
Less: Test Year		406,454		
Adjustment Increase (Decrease)			\$	20,299

(11)

Bad Debt Expense

To adjust operating and maintenance expenses for bad debt expense on additional water sales revenue.

	<u>Pro Forma</u>	<u>Phase I</u>	<u>Phase II</u>	<u>Phase III</u>
Water Sales Revenue Increase	\$ 98,411	\$ 4,914,358	\$ 1,757,918	\$ 1,807,868
Bad Debt %	0.5505%	0.5505%	0.5505%	0.5505%
Adjustment Increase (Decrease)	\$ 542	\$ 27,054	\$ 9,677	\$ 9,952

(12)

Non-recurring or Capital Disbursements

To eliminate test year expenditures that are considered non-recurring or capital.

<u>Invoice Date</u>	<u>Invoice No.</u>	<u>Account Title</u>	<u>Vendor</u>	<u>Description</u>	<u>\$ Amount</u>
6/20/2011	433903	Legal Services	Bingham McHale	Utility Center Acquisition	\$ 2,388.60
9/17/2010	417562	Legal Services	Bingham McHale	Utility Center Acquisition	4,367.85
10/14/2010	418961	Legal Services	Bingham McHale	Utility Center Acquisition	6,838.36
11/30/2010	422131	Legal Services	Bingham McHale	Utility Center Acquisition	1,406.52
11/16/2010	421082	Legal Services	Bingham McHale	Utility Center Acquisition	4,159.60
1/12/2011	423886	Legal Services	Bingham McHale	Utility Center Acquisition	2,358.20
5/12/2011	431621	Legal Services	Bingham McHale	Utility Center Acquisition	1,944.38
10/26/2010	1727	Contract Ground	Street Depart	Asphalt Restorations Jul-Oct 2010	159,388.11
12/29/2010	10438		Tri R Services	(1) Complete Workstation	2,545.00
11/1/2011	Accrue	Contract Ground		Asphalt Restorations Jul-Oct 2011	(77,626)
Adjustment Increase (Decrease)					\$ (107,771)

**FORT WAYNE MUNICIPAL WATER
CAUSE NUMBER 44162**

Extensions and Replacements

To reflect the amount of extensions and replacements by year for the three rate increase phases.

	2012	2013	2014	2015	2016	Total
<u>Filtration Plant</u>						
<u>Annual Improvements (Filters/Desludging)</u>						
Plant Filter Renovations	\$ 89,658	\$ -	\$ -	\$ -	\$ -	\$ 89,658
Plant Filter Renovations	212,974	165,000	170,000	170,000	170,000	887,974
Roofing	50,000	50,000	50,000	100,000	100,000	350,000
Limestone	5,000	50,000	50,000	50,000	50,000	205,000
Sub-Totals	<u>\$ 357,632</u>	<u>\$ 265,000</u>	<u>\$ 270,000</u>	<u>\$ 320,000</u>	<u>\$ 320,000</u>	<u>\$ 1,532,632</u>
<u>Dams and Reservoir Projects</u>						
St Joe Dam Concrete and Structural Repairs	\$ 396,781	\$ -	\$ -	\$ -	\$ -	\$ 396,781
Screen 1 at St Joe Dam	76,337					76,337
Raw Water Large Valve Repair and Replacement	1,082					1,082
St Joe Dam Fiber for SCADA Connection	7,952					7,952
St Joe Dam LSP Suction Intake Vane	4,368					4,368
St Joe Dam Screen Room Exhaust Fan Replacement	80					80
HVAC for St Joe Dam Electrical Building	5,000	20,000				25,000
St Joe Dam Raw Water Large Valve Repair		25,000	25,000	25,000	25,000	100,000
St Joe Dam Screen Room Windows		20,000	20,000	20,000	20,000	80,000
St Joe Dam Standby Emergency Generator Louver Improvements		12,000				12,000
St Joe Dam HMI Screen Improvement	8,000					8,000
St Joe Dam LSP Intake Model		20,000				20,000
St Joe Dam and Filtration Plant Energy and Power management System			125,000			125,000
St Joe Dam Micro Turbine		35,000		50,000	50,000	135,000
Cedarville Dam Controls		100,000				100,000
Cedarville Embankment Repairs			80,000			80,000
Cedarville Wing Wall protection - Downstream			125,000			125,000
Cedarville Wing Wall Protection - Upstream			150,000			150,000
Cedarville Emergency Spillway					200,000	200,000
St Joe Dam Raw Water Main Inspection		50,000				50,000
St Joe Dam Raw Water Main Rehabilitation				500,000		500,000
Hursttown Bank Reconstruction			100,000			100,000
Biennial Inspections (Cedarville / Hursttown)	5,000		5,000		5,000	15,000
Hursttown Piezometer Replacement		15,000				15,000
Sub-Totals	<u>\$ 504,600</u>	<u>\$ 297,000</u>	<u>\$ 630,000</u>	<u>\$ 595,000</u>	<u>\$ 300,000</u>	<u>\$ 2,326,600</u>
<u>Plant Capacity and Enhancements</u>						
Fluoride Room Improvements	\$ 20,570	\$ -	\$ -	\$ -	\$ -	\$ 20,570
Filtration Plant - Water Capacity Development (Land Acquisition)		100,000	100,000	100,000	100,000	400,000
HSD Sink in Control Room		5,000				5,000
Map Room Furniture and Library		20,000				20,000
Sub-Totals	<u>\$ 20,570</u>	<u>\$ 125,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 445,570</u>

**FORT WAYNE MUNICIPAL WATER
CAUSE NUMBER 44162**

**Extensions and Replacements
Continued**

	2012	2013	2014	2015	2016	Total
<u>Plant Efficiency and Reliability</u>						
Carbon transfer System	\$ 27,053	\$ -	\$ -	\$ -	\$ -	\$ 27,053
Plant Wide Medium Voltage Testing and Inspection	5,052	25,000	25,000	25,000		80,052
Cabinet Control Stations (4 Locked)		12,000				12,000
Plant Metering Improvements (HSD and Filter)		20,000				20,000
MCC T Replacement	13,061					13,061
Lime Conveyance Mechanical Improvements	6,693	100,000	200,000	200,000	200,000	706,693
MCC V Feed from MCC Q	15,567					15,567
Liquid CO2 Storage Controls and Piping	20,000					20,000
Connect Plant Filters PLCs to Office UPS	536					536
LIMS (Lab works)	119,775					119,775
Entech System for Filter		115,000				115,000
Replacement of Plant Lighting - Regulations	61,798	50,000				111,798
Concrete pad for Electrical Storage	1,069					1,069
Large Backwash Pump Rebuild	25,000					25,000
Lime Sludge Force Main - Quick Connection Point		30,000				30,000
Pump Stations Energy and Power Managment System		15,000	15,000	15,000	15,000	60,000
TRFP Ground Fault Indication System(North Electrical Bldg)		50,000				50,000
Lime Sludge force Man Cleaning and Improve		50,000				50,000
Plant 2 Settling Tank Water Strip and Shoes	15,000	15,000				30,000
4000 lb Slakers		100,000				100,000
Bluffton Road Pressure Station telemetry		90,000				90,000
Filter Underdrain Replacement - Ph 3				200,000		200,000
Painting NW and SW Station Equipment, Piping		15,000				15,000
Resize Heater in Ammonia Feed Room	3,000					3,000
Gate for Plant 3 Raw Water Flume	35,000					35,000
Sub-Totals	<u>\$ 348,604</u>	<u>\$ 687,000</u>	<u>\$ 240,000</u>	<u>\$ 440,000</u>	<u>\$ 215,000</u>	<u>\$ 1,930,604</u>
<u>Plant Regulatory</u>						
Chlorine Dioxide Generators	\$ 20,182	\$ -	\$ -	\$ -	\$ -	\$ 20,182
Peristaltic Hose Pump for Honeysuckle, Bisulfate	4,000					4,000
Filter Turbidity Meter Replacement	10,000	10,000	10,000	10,000	10,000	50,000
Ammonia Injector Relocation		15,000				15,000
GM Tank Chlorine analyzer and SCADA Link	5,000					5,000
Total Chlorine Analyzer and SCADA Link	6,000					6,000
ON-Line Analyzer Backwash System		30,000				30,000
Caustic Feed System			550,000			550,000
Sub-Totals	<u>\$ 45,182</u>	<u>\$ 55,000</u>	<u>\$ 560,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 680,182</u>

FORT WAYNE MUNICIPAL WATER
CAUSE NUMBER 44162

	Extensions and Replacements					
	Continued					
	2012	2013	2014	2015	2016	Total
Plant Repair and Replace						
Plant 2 Sludge Collectors	\$ 31,209	\$ 200,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 291,209
Carbon Slurry Tank Repair	24,852					24,852
Ferri Flowmeter Upgrade (6)	25,000					25,000
Process Pipe Coating and Refurbishing		20,000	20,000	20,000	20,000	80,000
Plant 3 Filter Receiver for Lime Handling System	25,000	25,000	25,000	25,000	25,000	125,000
Replace Valves for Screens	6,000					6,000
Plant 3 Conveying System Piping	26,021					26,021
Disconnect Sand Piping from HSD Piling	5,000	10,000				15,000
New Heated Enclosures for Plant 2 Sludge Collector Drives		10,000				10,000
Replace or Rebuild Plant 3 Upper Sullair	30,000					30,000
Hot Potable Water Lines in Plant 1	10,000					10,000
Plant 2 Filter Gallery Roof	40,000					40,000
Lab Roof Replacement	1,400					1,400
Plant 1 East, Floor and Walk Area Repair	25,000					25,000
Masonry Investigation	3,400					3,400
Backwash Pump Check valve Replacement	52,000					52,000
HSP 10 Rebuild	36,000					36,000
A/C MCC Q Room	10,000					10,000
Chief Operator Office Floor		10,000				10,000
Plant 3 Online Monitor	35,000					35,000
Lab conference room A/V Improvements		10,000				10,000
Duplex Sump Pump System for Plant 1 Pipe Gallery	15,000					15,000
Steam Piping Repair Replacement	5,000	10,000				15,000
Plant 2 and 3 Drive Sprockets and Chain	10,000					10,000
Replace Floc tank 8" drain Valves in Plant 2 (18)		50,000				50,000
Ramp for Stairs in Main hall, Next to Control Room		25,000				25,000
Aluminum Hatches for Monroe and Superior						
Meter Vaults		8,000				8,000
Filter Valve - PLC Cabinet AC		12,000				12,000
Carbon Slurry Tank Repair	10,000	50,000				60,000
Replace Main Boiler		120,000				120,000
Plant Windows and Screen	20,000	20,000	20,000	20,000	20,000	100,000
General Concrete Surface Repair/Replace		25,000	25,000	25,000	25,000	100,000
General Plant equipment repair and replace		60,000	60,000	60,000	60,000	240,000
Tankage, Filter Building Cracks in Gallery		50,000	50,000	50,000	50,000	200,000
Laboratory - Replace HVAC Units		250,000	200,000			450,000
Plant 3 HSD Piping		50,000				50,000
Filter building Clearwell Cleaning and Improvements		50,000	50,000	63,000		163,000
Plant 1 control House Doors and Windows		30,000				30,000
Gas-Master Plant 1 East	10,000					
Miscellaneous	(58)					10,000
Sub-Totals	\$ 455,824	\$ 1,095,000	\$ 470,000	\$ 283,000	\$ 220,000	\$ 2,523,882

FORT WAYNE MUNICIPAL WATER
CAUSE NUMBER 44162

	Extensions and Replacements					
	Continued					
	2012	2013	2014	2015	2016	Total
Plant Safety and Security						
Access Door for GM Tank	\$ 2,147	\$ -	\$ -	\$ -	\$ -	\$ 2,147
Miscellaneous Handrails and Toe Boards	5,000	10,000	10,000	10,000	10,000	45,000
St Joe Dam Security Cameras	9,437	60,000				69,437
Platforms / Ladders Plant 1	15,000					15,000
PTZ Color Camera to Replace Front Gate Camera	3,385					3,385
Plant 1 Split Gate	37,000					37,000
Floor in Metal and Reagent room		14,000				14,000
Security, Doors, Lighting, Gate	17,531	10,000	20,000	10,000	10,000	67,531
Safety Rigging for Filter area	55,000					55,000
Plant Lighting (Safety and Work Environment)		40,000	40,000	40,000	40,000	160,000
Security - East Pump Room Windows		50,000				50,000
Chem Building / Chlorine Area Security Cameras		30,000	30,000			60,000
Northwest Pump Station # 1 Security Improve Project		5,000	30,000			35,000
Northwest Pump Station # 2 Security Improve Project			5,000	30,000		35,000
Westside Pump Station Security Improvement Project		5,000	30,000			35,000
West Tank Security		5,000	30,000			35,000
Southwest Pump Station Security Improve Project				5,000	30,000	35,000
Dupont Tank Security			5,000	30,000		35,000
Coldwater Tank Security			5,000	30,000		35,000
Sub-Totals	\$ 144,500	\$ 229,000	\$ 205,000	\$ 155,000	\$ 90,000	\$ 823,500
Purchased Assets						
Pressure Transmitters	378					378
Vibration Analyzer		9,000				9,000
Spare Spectrophotometer	7,000					7,000
Replace Ferri Pumps	14,000					14,000
Fiber Tester		5,000				5,000
Conduit Bender		10,000				10,000
Boom Lift		55,000				55,000
CMMS Barcode Scanner Equipment	9,000					9,000
Sand Blasting cabinet		3,000				3,000
Gang Box and Tools for Plant 2 and 3 Control House	8,000					8,000
Equip - FLP General			75,000	75,000	75,000	225,000
Rolling Stock - FLP General		50,000	50,000	50,000	50,000	200,000
Sub-Totals	\$ 38,378	\$ 132,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 545,378
Filtration Plant Totals	\$ 1,915,290	\$ 2,885,000	\$ 2,600,000	\$ 2,028,000	\$ 1,380,000	\$ 10,808,348

FORT WAYNE MUNICIPAL WATER
CAUSE NUMBER 44162

Extensions and Replacements
Continued

	2012	2013	2014	2015	2016	Total
Water Distribution						
Distribution Capacity/Reliability/Quality						
NEFM Maplecrest Feeder Main: Lake to SR 930	\$ 5,828	\$ -	\$ -	\$ -	\$ -	\$ 5,828
NEFM Maplecrest Feeder Main: Lake to State	27,131	100,000				127,131
Network Connections		100,000	100,000	100,000	100,000	400,000
NW/PZ Coldwater: Waterswolde to Farmstead		200,000				200,000
NEFM Lahmeyer: State to Trier				50,000	200,000	250,000
NWPZ Clinton: Wallen to Diebold				175,000		175,000
WPZ Baas Road: I-69 Crossing		25,000	275,000			300,000
NEFM Northside Park to Crescent		200,000				200,000
NEFM Maysville/Stellhorn Feeder Main				150,000		150,000
NEFM State Street: Beacon to Sherborn		50,000	300,000			350,000
NEFM Wheelock: Stellhorn North to Existing		50,000				50,000
NWFM Butler Road: Midnight to Hillegas				210,000		210,000
NWFM Hillegas Connections		50,000	200,000			250,000
NWPZ Central Feeder Improvements		50,000	100,000	50,000	100,000	300,000
NWPZ Union Chapel Road: Tonkel to Puff					270,000	270,000
SEFM Meyer Road: Seler to Moeller		225,000				225,000
SEFM New haven: Coliseum to Medford Feeder Main		75,000	200,000	325,000		600,000
WPZ South Bend - Engle		75,000	300,000	100,000		475,000
NW/PZ Popp Road: Tonkel to SR 1			50,000	300,000		350,000
WPZ Dicke-Hadley 2: Illinois to Ridge Noll					300,000	300,000
WPZ Dicke-Hadley 3: Covington to Ridge Noll					245,000	245,000
WPZ Dicke-Hadley 4: Scottswood to Covington					500,000	500,000
Sub-Totals	\$ 32,959	\$ 1,200,000	\$ 1,525,000	\$ 1,460,000	\$ 1,715,000	\$ 5,932,959
Distribution Pumping						
Westside Station - I and C Improvements - Labor	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000
Northwest 1 - Pump Rebuild of Pump 1, 2, 3		54,000				54,000
NW Pumping Station # 2 -Suction Improvements		25,000	350,000			375,000
Sub-Totals	\$ 50,000	\$ 79,000	\$ 350,000	\$ -	\$ -	\$ 479,000
Distribution Storage						
Coldwater Mandoor and Frame	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ 4,000
Rodwood Chestnut Tank Demo			120,000			120,000
Painting of Elevated Tank			400,000			400,000
Sub-Totals	\$ 4,000	\$ -	\$ 520,000	\$ -	\$ -	\$ 524,000
Miscellaneous						
Aqua Integration	\$ 52,436	\$ -	\$ -	\$ -	\$ -	\$ 52,436
Railroad Spur Removal	25,807					25,807
Distributing System Remote Metering	14,683	25,000	25,000	25,000	25,000	114,683
2011 Mapping of Closed Work Orders	5,552	5,000	5,000	5,000	5,000	25,552
Sub-Totals	\$ 98,478	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 218,478

FORT WAYNE MUNICIPAL WATER
CAUSE NUMBER 44162

	Extensions and Replacements Continued					
	2012	2013	2014	2015	2016	Total
<u>Oversizing and Economic Development</u>						
Airport Expressway Infrastructure Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Coves of Brook Crossing	12,946					12,946
Oversizing Allowance	25,000	150,000	150,000	150,000	150,000	625,000
9962 Diebold Road - Berger Auth Water Main Ext	8,031					8,031
4545 Krocmer Road - Greatbitch Medical WM Ext	(3,094)					(3,094)
Petition Project Partnering	3,111	50,000	50,000	50,000	50,000	203,111
Hawthorne park estates Section 1 Water Main Ext	46,889					46,889
Pointe Inverness Apartments	35,406					35,406
Sub-Totals	\$ 128,289	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 928,289
<u>Transportation Project Partnering</u>						
Spring Street	\$ 28,745	\$ -	\$ -	\$ -	\$ -	\$ 28,745
Diebold Road Utility Locates	31,802					31,802
Clinton Street at Spy Run Creek Road Realignment	13,914					13,914
Trans project allowance		50,000	50,000	50,000	50,000	200,000
Auburn/Cook Road		10,000				10,000
Flutter Road/St Joe Road	5,000					5,000
Duport Rd - Coldwater to Lima (w TES)		50,000	350,000			400,000
Bass Rd Improvements		40,000	150,000			190,000
Sub-Totals	\$ 79,461	\$ 150,000	\$ 550,000	\$ 50,000	\$ 50,000	\$ 879,461
<u>Water Main Extensions</u>						
SWFM Smith and Lower Huntington Ext Ph1 (Econ	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ 50,000
Sub-Totals	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ 50,000
<u>Water Main Repair and Replacement</u>						
Union Chapel Road at I-69-New Interchange	\$ (24,125)	\$ -	\$ -	\$ -	\$ -	\$ (24,125)
3940 Elwood Drive	1,037					1,037
Main Replacement Allowance		100,000	600,000	4,750,000	5,250,000	10,700,000
Sub-Totals	\$ (23,088)	\$ 100,000	\$ 600,000	\$ 4,750,000	\$ 5,250,000	\$ 10,676,912
Water Distribution Totals	\$ 370,099	\$ 1,759,000	\$ 3,775,000	\$ 6,540,000	\$ 7,245,000	\$ 19,689,099

FORT WAYNE MUNICIPAL WATER
CAUSE NUMBER 44162

Extensions and Replacements
Continued

	2012	2013	2014	2015	2016	Total
Water Maintenance						
<u>Meters, Hydrants, Valves and New Services</u>						
Aqua North Meter Conversion	\$ 5,027	\$ -	\$ -	\$ -	\$ -	\$ 5,027
New Meters	50,000	50,000	50,000	50,000	50,000	250,000
Hydrants Replacements - Installations	139,841	200,000	200,000	200,000	200,000	939,841
Large Valve Replacements	57,186	75,000	75,000	75,000	75,000	357,186
Small Valve Replacements	115,477	100,000	100,000	100,000	100,000	515,477
Sub-Totals	\$ 367,531	\$ 425,000	\$ 425,000	\$ 425,000	\$ 425,000	\$ 2,067,531
<u>Miscellaneous</u>						
Building Security System	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ 12,000
New Payroll System	20,000					20,000
Sub-Totals	\$ 32,000	\$ -	\$ -	\$ -	\$ -	\$ 32,000
<u>Purchased Assets</u>						
MDT's for WMS	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ 15,000
Crane for Hydrant Truck	5,000					5,000
GPS Handheld Units (5)		9,000	25,000			34,000
HVAC System Controller - Repair	36					36
Annual Rolling Stock Replacement			250,000	250,000	250,000	750,000
Service Van		25,000				25,000
Crew Cab		30,000				30,000
Dump Trailer	6,000					6,000
Vaccor Unit	35,000					35,000
12" Line Trailer	6,000					6,000
12" Line Trailer		6,000				6,000
Arrow Board	5,000					5,000
Test Bench for Meters - Water Share	28,500					28,500
Williamson Tamper Unit	6,200					6,200
Elster hand held Radios	14,280					14,280
4-12" Hydraulic Pipe Cutter - 2	6,000					6,000
Backhoe / Mini-Excavator		80,000				80,000
Dump Truck		140,000				140,000
Sub-Totals	\$ 127,016	\$ 290,000	\$ 275,000	\$ 250,000	\$ 250,000	\$ 1,192,016
Water Maintenance Totals	\$ 526,547	\$ 715,000	\$ 700,000	\$ 675,000	\$ 675,000	\$ 3,291,547
Total Extensions and Replacements	\$ 2,811,936	\$ 5,359,000	\$ 7,875,000	\$ 9,243,000	\$ 9,300,000	\$ 33,788,936
Less: Bond Proceeds		(370,000)	(370,000)	(370,000)		
2013 Extensions and Replacements		\$ 4,989,000				
2014 Extensions and Replacements			\$ 6,705,000			
2015 Extensions and Replacements (Average of 2015 and 2016)				\$ 8,873,000		

**FORT WAYNE MUNICIPAL WATER
CAUSE NUMBER 44162**

Payment in Lieu of Taxes

To adjust "Taxes Other Than Income Taxes" for the estimated increase in the Payment in Lieu of Taxes ("PILOT").

10/31/2011 Utility Plant in Service	\$ 282,914,076	
Add: Meters Capitalized (See OUCC Sch 6, Adj 6)	<u>150,054</u>	
Gross Utility Plant in Service		\$ 283,064,130
10/31/2011 Accumulated Depreciation	\$ (94,837,365)	
Less: Removal of Amortization of Goodwill (See Sch 6, Adj 7)	48,195	
Correction of Scheduled Depreciation (See Sch 6, Adj 9)	835,582	
Adjust to Composite Rates (See Sch 6, Adj 10)	<u>1,204,473</u>	
Adjusted Accumulated Depreciation		<u>(92,749,115)</u>
Estimated Net Assessed Valuation	\$ 190,315,015	
Times: Inside City Factor	<u>90.08%</u>	
Estimated Inside City Net Assessed Valuation	\$ 171,435,766	
Times: Pay 2011 Corporate Tax Rates (per \$100 Assessed Valuation)	<u>1.3149</u>	
<i>Pro forma</i> PILOT		\$ 2,254,209
Less: Test Year		<u>2,309,000</u>
Adjustment Increase (Decrease)		<u><u>\$ (54,791)</u></u>

**FORT WAYNE MUNICIPAL WATER
CAUSE NUMBER 44162**

Working Capital

Operation & Maintenance Expense	\$ 20,150,685
Less: Purchased Water	(1,018,068)
Purchased Power	-
Rate Case Expense Amortization	-
	<hr/>
Adjusted Operation & Maintenance Expense	19,132,617
Times: 45 Day Factor	0.125
	<hr/>
Working Capital Revenue Requirement	2,391,577
Less: Cash on Hand 12/31/2011	4,394,647
	<hr/>
Net Working Capital Revenue Requirement	-
Divide by: Amortization Period (Years)	3
	<hr/>
Annual Working Capital Revenue Requirement	\$ -
	<hr/>

**FORT WAYNE MUNICIPAL WATER
CAUSE NUMBER 44162**

Debt Service

To reflect the average amount of debt service required over a five year period.

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Total</u>
2003 Bonds	\$ 515,462	\$ 519,262	\$ 517,262	\$ 519,662	\$ 521,262	\$ 2,592,910
2005 Bonds	1,911,282	1,913,332	1,911,532	1,907,532	1,906,330	9,550,008
2006 Bonds	2,864,956	2,863,130	2,863,340	2,865,390	2,864,082	14,320,898
2011 "A" Bonds	617,902	1,369,096	1,369,448	-	-	3,356,446
2011 "B" Bonds	798,302	799,302	799,272	1,970,242	1,977,468	6,344,586
2012 "Proposed" Bonds	-	1,600,925	2,000,925	2,202,725	2,198,390	8,002,965
	<u>\$ 6,707,904</u>	<u>\$9,065,047</u>	<u>\$ 9,461,779</u>	<u>\$ 9,465,551</u>	<u>\$ 9,467,532</u>	<u>\$ 44,167,813</u>
Divide by 5 years						<u>5</u>
Average Annual Debt Service						<u>\$ 8,833,563</u>

<u>Phase I</u>	<u>Phase II</u>	<u>Phase III</u>
		Avg 2015-2016
\$9,065,047	\$ 9,461,779	\$ 9,466,542